



# Citizens Utility Board

309 W. Washington St., Suite 800, Chicago, IL 60606 **Phone** (312) 263-4282 **Toll Free** 800-669-5556 **Fax** (312) 263-4329

**Comments of the Citizens Utility Board on the**  
**ICC Whitepaper on Resource Adequacy in MISO Zone 4**

**November 30, 2017**

The Citizens Utility Board (“CUB”) appreciates the opportunity to provide the following comments on the Illinois Commerce Commission’s (“the Commission”) November 1, 2017 whitepaper (“the whitepaper”) on resource adequacy in Midcontinent Independent System Operator (“MISO”) Local Resource Zone 4 (“Zone 4”). CUB commends the Commission for seeking stakeholder feedback. CUB believes no change in policy is necessary to ensure resource adequacy for Zone 4 at this time. Further, while we welcome a thoughtful process for stakeholders to discuss any potential resource adequacy challenges, the schedule currently contemplated is too compressed to allow for the in-depth modeling and analysis of any perceived problems or suggested policy changes. CUB views such modeling and analysis as crucial to an effective review and thus urges the Commission not to rush the process.

After reviewing the Commission’s whitepaper, CUB sees no reason for concern with regard to near-term resource adequacy. As the whitepaper notes, the latest Zone 4 resource adequacy survey rebuts outdated anxieties. Existing capacity exceeds reserve margin requirements. Load is essentially flat. Just last year, Illinois enacted the Future Energy Jobs Act (“FEJA”) which promotes clean energy policies and will further solidify resource adequacy throughout Illinois, including all of Zone 4. With these new policies in place, load in Zone 4 is projected to decrease and capacity is expected to grow. According to the trends presented in the

whitepaper, and additional factors presented in these comments, there is no need for further intervention to ensure resource adequacy in Zone 4 at this time.

CUB believes that any set of potential policy changes must be inclusive of not only the investments mandated by FEJA but also of the existing resources such as energy efficiency and demand response programs which Ameren customers fund and benefit from. Any policy change to address resource adequacy needs to incorporate the potential costs to Ameren customers and be clearly directed at providing least-cost solutions if a potential problem is found. For those reasons, CUB recommends the ICC extend the stakeholder working group discussions to allow adequate time for investigation, data collection and analysis. Since there is no documented evidence of a near-term issue in Zone 4, we can afford to take our time to ensure any policy changes are in line with Illinois' commitment to a least-cost, clean energy future.

### **Load Is Flat**

MISO's load forecast through 2026 calculates expected annual growth for Zone 4 at only 0.64 percent, by far the lowest rate of any local resource zone in the MISO footprint.<sup>1</sup> That is, load for Zone 4 is essentially flat, even before accounting for the expected increases in energy efficiency from implementation of FEJA. These projections are in line with the whitepaper's findings that demand for electricity nationwide is "relatively static" and "low load growth may

---

<sup>1</sup> *Independent Load Forecasts*, MISO,

<https://www.misoenergy.org/Planning/Pages/IndependentLoadForecasts.aspx> (last visited Nov. 20, 2017) (select "2016 Independent Load Forecast Results" to download Excel spreadsheet).

persist in the future.”<sup>2</sup> Near-zero load growth means that maintaining capacity comparable to current levels is sufficient for resource adequacy moving forward. Absent evidence that resource retirements will substantially outpace new entries over this period, resource adequacy through 2026 appears to be solid.

### **Capacity Growth Is Beating Expectations, on Pace to Exceed Target Planning Reserve Margins**

Concerns of near-term resource inadequacy in Zone 4 stem from outmoded projections that actual experience has shown to be wrong. In 2016, the OMS-MISO survey projected capacity 1.2 gigawatts (“GW”) below the target planning reserve margin (“PRM”) in Zone 4 for 2017, swelling to a 1.7 GW deficit by 2021. Since then, changes in state policy and underlying market conditions have solidified resource adequacy moving forward. As the whitepaper recognizes, Zone 4’s estimated capacity went from a 1.6 GW deficit in 2016 to a forecast 0.7 to 1.6 GW surplus for 2018. This trend of exceeding target PRM is expected to continue in the coming years. The 2017 survey projects surplus capacity for the 2022 delivery year between 0.4 and 1.5 GW. Across MISO’s footprint, the reserve margin is expected to exceed the planning reserve margin of 15.8 percent, with estimates ranging from 16 to 22 percent, through 2022. That is, forecast capacity for the next five years ranges from sufficient to excessive.<sup>3</sup> Accordingly,

---

<sup>2</sup> Memo from ICC Staff to Brien J. Sheahan, Chairman, Ill. Commerce Comm’n [hereinafter “Whitepaper”] at 14 (Nov. 1, 2017), <http://blogs.edf.org/energyexchange/files/2017/11/FOIA-Attach-1-MISO-Zone-4-whitepaper-11-1-17.pdf>.

<sup>3</sup> Whitepaper at 10.

Commission staff concludes in the whitepaper that the survey results “suggest that Zone 4 capacity requirements will continue to be met through 2022.”<sup>4</sup>

### **FEJA Will Further Bolster Resource Adequacy**

If some are searching for a solution to any immediate resource adequacy concerns in Zone 4, they need only look in the rearview mirror. In 2016, Governor Rauner signed FEJA into law. The Act shores up resource adequacy from three different angles: incentivizing load reduction, retaining existing resources, and incentivizing development of new resources. First, FEJA gives Zone 4 utility Ameren a financial incentive to cut electricity waste by 16 percent<sup>5</sup> by 2030, decreasing load. In testimony before the Commission earlier this year, experts predicted that, with FEJA in place, load in Ameren’s service territory will decrease in each forecast year from 2021-22 through 2031-32.<sup>6</sup>

Second, FEJA promotes retention of existing resources through zero emissions credits. One beneficiary within Zone 4 is Clinton Generating Station, which had been slated for retirement before FEJA’s passage and is now expected to continue operation for at least another decade.<sup>7</sup> The continued operation of Clinton Generating Station alone preserves nearly 1.1 GW

---

<sup>4</sup> *Ibid.* at 17.

<sup>5</sup> Other Illinois utilities have targets as high as 21.5 percent.

<sup>6</sup> CUB/EDF Ex. 1.1RH at 2, *In re Ameren Illinois Co.* (Ill. Comm. Comm’n No. 16-0387 May 31, 2017).

<sup>7</sup> Tim Landis, *Clinton Reactor at Full Power a Year After Closing Threat*, STATE J.-REG. (June 6, 2017, 3:03 PM), <http://www.sj-r.com/news/20170606/clinton-reactor-at-full-power-year-after-closing-threat>.

of capacity.<sup>8</sup> Third and finally, FEJA promotes development of new capacity resources, including a required 4.3 GW of new wind and solar to be built in Illinois by 2030.<sup>9</sup> As the whitepaper notes, the Act “provides more funding for renewable resource generation deployment to achieve the target” of 25 percent of retail load being served by renewables by 2025. The whitepaper highlights FEJA’s providing “both interim and long-term renewable energy goals” to be met through the Illinois Power Agency’s procurement of renewable energy credits annually through 2030, including the Solar for All program.<sup>10</sup> The General Assembly passed FEJA to address resource adequacy in a holistic, forward-looking manner, and these new policies need time to take full effect.

## **Conclusion**

In light of the present trends and projections discussed in the whitepaper and our comments above, CUB concludes there is no pressing need for intervention to address resource adequacy in MISO Zone 4. Under current policy, the load forecast is flat and likely to begin a steady decline in the 2020-21 service year, major expected resource retirements have been postponed for the foreseeable future, and enough new resources are expected to come online to significantly exceed the target PRM. For the time being, resource adequacy does not appear to be

---

<sup>8</sup> See *Clinton Power Station*, EXELON CORP., <http://www.exeloncorp.com/locations/power-plants/clinton-power-station> (last visited Nov. 20, 2017) (listing the resource’s capacity at 1069 megawatts).

<sup>9</sup> Citizens Utility Board, *What Is the Future Energy Jobs Act?*, <https://citizensutilityboard.org/wp-content/uploads/2017/05/FEJA.pdf>.

<sup>10</sup> Whitepaper at 15–16.

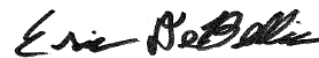
in any jeopardy. CUB recommends that the Commission hold off on pursuing potential solutions to any perceived resource adequacy concerns in Zone 4, as the available evidence does not support the existence of a problem. Zone 4 reserves are outpacing target PRM. Illinois just passed legislation designed to address resource adequacy from several angles. The Commission has time to let FEJA take effect and reason to expect resource adequacy to improve as a result. Should conditions change, CUB would welcome a reopening of the discussion with an emphasis on cutting load and costs through demand response and energy efficiency, but for now, CUB sees no reason to act.

CUB plans to attend the December 7 workshop in Chicago and thanks the Commission for its time and consideration.

Sincerely,



Kristin Munsch  
Deputy Director  
CITIZENS UTILITY BOARD  
309 W. Washington, Suite 800  
Chicago, IL 60606  
(312) 263-4282  
kmunsch@citizensutilityboard.org



Eric DeBellis  
Attorney & Policy Analyst  
CITIZENS UTILITY BOARD  
edebellis@citizensutilityboard.org